

29 January 1959

MEMORANDUM FOR THE RECORD

SUBJECT: West German Imposition of Coal Import Duties and Quotas

1. Background:

Federal Republic coal stocks have recently exceeded 13 million tons, despite comprehensive measures undertaken to reduce production and increase consumption. Included among these steps have been:

- a. Increased government and national industry purchases.
- b. Support for increased exports.
- c. Arrangements with fuel oil distributors to decrease oil purchases.

Faced with an increasing stock pile, the government announced a quota and duty program on 23 January 1959.

2. Control Program:

A duty of DM 20 per ton has been imposed, coupled with a duty-free imports quota of 4,250,000 tons for the remainder of 1959. This has been based upon an average of 50 percent of coal imports from specific countries over the period 1950-1958. Under the new controls, the U.S. will be allowed to provide 3.5 million tons, while the UK will provide .4 million. (The new German arrangements will not be effective until 16 February and must be passed by the Bundestag, which is expected to approve the measure after the coal debate on 29 January.)

3. Reaction:

The High Authority of the Coal-Steel Community has not stated any formal opposition to the new duties but has not yet agreed to the duty-free quotas, insisting that action can be taken only in accordance with the CSC Treaty. According to Ambassador Butterworth, chief of the U.S. Mission to the European Communities, the development is particularly serious because of its implications

for the future independence of the EURATOM and Common Market Commissions. The CSC has apparently requested U.S. support.

4. Economic Action Implications:

Outgoing State Department traffic on this subject is not in file. The only East-West trade aspect appears to be a desire on the part of the Federal Republic to increase hard coal exports to the Soviet Zone. Reportedly, 1 million tons of hard coal under the 20 November 1958 implementation of the Interzonal Trade Agreement is under contract. Related Bonn dispatches and other items are attached.

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Attachments
As indicated

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